

## **APPENDIX B**

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### The Office's findings regarding Nahan vs. claim 1 of the '151 Application.

'151 Application, Claim 1	The Office's Findings re. Nahan
[A] 1. An Internet-based transactional system	"As to claims 11 and 30, Nahan et al discloses a system and method of electronically executing transactions..." '057 OFFICE ACTION at 3 (3/28/00)
[B] for establishing multiple participant accounts that can be debited or credited corresponding to funds used or generated by participant transactions in the transactional system, the transactional system clearing transactions by connecting a participant to a participant account and transferring funds from an account associated with a participant acting as a buyer in the transactional system to an account associated with a participant acting as a seller in the transactional system,	<p>"Processing a payment from various accounts during a transaction is well known in the art in order to complete a transaction and to transfer ownership of an item that was purchased. Selecting the type of account for payment depends solely on the method of payment the seller prefers, therefore, any type of account, i.e. credit card, debit card, check, cash, etc., can be implemented to complete a transaction." '021 OFFICE ACTION at 10 (6/7/00).</p> <p>"Save the Earth in view of Computer Museum is vague in disclosing the limitations ... '... maintaining financial accounts for said seller of an item for auction...' .... However, Nahan et al discloses ... the escrowed purchase funds are then transferred to the listing dealer's account ... Nahan et al provides a well established means of transferring escrowed purchase funds on a network into an account for the listing dealer in order to provide an efficient method of payment between a plurality of participants in an auction system." '021 OFFICE ACTION at 10-11 (6/2/00).</p>
[C] wherein the transaction is based at least in part on the seller participant posting a unique item for sale in an ascending bid auction format and	<p>"The [Nahan] system provides member dealers access to an extensive and diverse collection of artwork from the inventories of other member dealers around the world ... while, concurrently, offering member dealers the opportunity to sell their inventory throughout the world." '021 OFFICE ACTION at 13 (6/2/00).</p> <p>"Therefore, it would have been obvious to one skilled in the art at the time the invention was made to modify the teachings of Nahan to explicitly teach the electronic transactional system comprises an electronic auction system ...." '551 OFFICE ACTION at 11 (2/4/04).</p>
[D] the buyer participant authorizing a transfer of funds in response to winning the unique item for sale in the ascending bid auction format,	"However, Nahan et al discloses if ... the buying dealer indicates his acceptance of the work ... the system issues an artwork acceptance advice to the listing dealer. The escrowed purchase funds are then transferred to the listing dealer's account...." '021 OFFICE ACTION at 11 (6/2/00).
[E] the transactional system clearing the transaction by debiting the account associated with the buyer participant and crediting the account for the participant acting as the seller,	See element [B] above.
[F] the transactional system comprising: (a) a computer system in communication with the Internet and capable of executing a plurality of substantially simultaneous processes;	See element [A] above.
[G] (b) one or more processes executing on the computer system operable to perform the following: (i) establish multiple participant accounts based on	See element [B] above.

151 Application, Claim 1	The Office's Findings re: Nahan
information received from multiple participants, the multiple participant account balances capable of being debited or credited with funds used or generated with participant transactions in the transactional system;	
[H] (ii) initiate an ascending bid format auction instance based on information received from a seller participant, each auction instance describing an unique item offered for sale in an ascending bid auction format;	"Therefore, it would have been obvious to one skilled in the art at the time the invention was made to modify the teachings of Nahan to explicitly teach the electronic transactional system comprises an electronic auction system, as taught by Nitta, for the motivation of performing transactions between buyers and sellers." '551 OFFICE ACTION at 11 (2/4/04).
[I] (iii) connecting a buyer participant to at least one account maintained by the transactional system and associated with the buyer participant; and (iv) clearing the transaction between the buyer participant with the seller participant by debiting the account associated with the buyer participant and crediting the account for the seller participant,	See element [B] above.
[J] the transaction between the buyer participant and the seller participant being based at least in part on a result of the buyer participant winning the unique item in the ascending bid format auction instance initiated based on the information received the seller participant.	"The [Nahan] system provides member dealers access to an extensive and diverse collection of artwork from the inventories of other member dealers around the world ... while, concurrently, offering member dealers the opportunity to sell their inventory throughout the world." '021 OFFICE ACTION at 13 (6/2/00).